



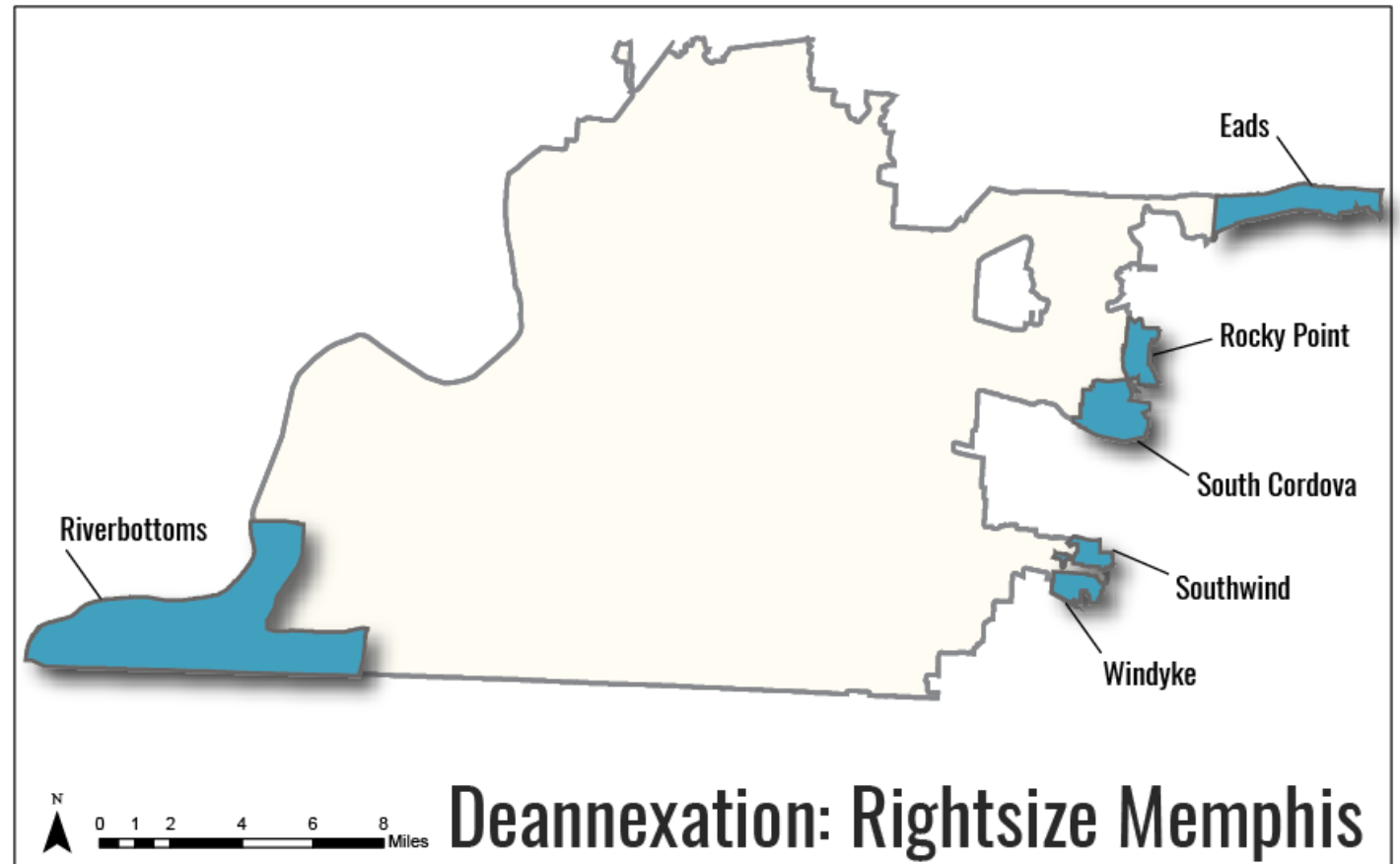
DE-ANNEXATION TRANSITION

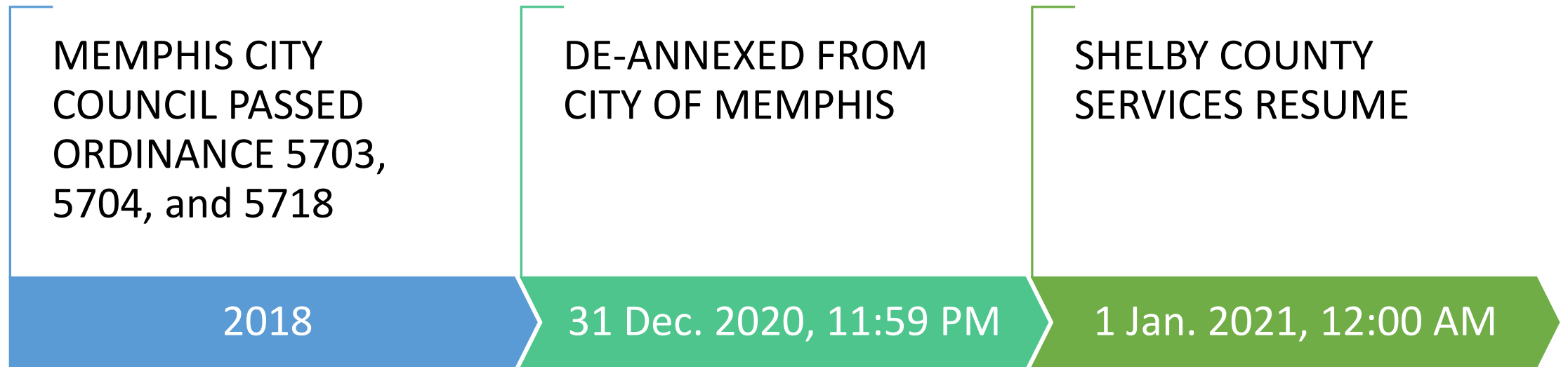
SOUTHWIND-WINDYKE, SOUTH CORDOVA & ROCKY POINT INFORMATIONAL BRIEF

August 14, 2020

JOINT TASK FORCE

- Low Density
- Challenging to deliver municipal services
- Requested de-annexation





DE-ANNEXATION TIMELINE

Coordinate Service Transition City to County

Calculate Fair Share of Debt and unfunded pension obligation and method of collection

[TCA 6-51-204: “The municipality may continue to levy and collect taxes on property in the excluded territory to pay the excluded territory's proportion of any debt contracted prior to the exclusion”]

Levy and collect property taxes within the de-annexed areas after the de-annexation date to cover each property’s De-annexation Obligation

If parcels are consolidated or split, the new parcels will be assessed their pro rata share of the outstanding De-annexation Obligation

Property owners will receive an annual tax bill from the City until the obligation is satisfied

This tax bill may look noticeably different from the City’s normal tax bill and include information regarding its purpose to address questions property owners may have

The City will send a letter to the property owners at the end of 2020 notifying them of the De-annexation Obligation on the property

ACTION ITEMS

- City revenues (taxes and fees) are used to pay for ongoing operations, to pay for current and retired employee benefits and pension, and to pay down debt (bonds issued for capital projects)
- Cities determine how much debt they can take on and the type of pension benefits they can offer based on the amount of revenue that is forecast to be collected from taxes and fees. Once a benefit is offered or debt incurred, the City is liable for fulfilling those obligations.
- Revenue collected from all across the city including Southwind, Windyke, South Cordova and Rocky Point while part of the City of Memphis were factored into the City's ability to issue and repay debt, and to fund in full or in part the annual pension contribution. Any shortfall in meeting the annual pension contribution became an unfunded liability that the entire city was responsible for meeting in the future.
- For that reason and for a defined and limited period of time, the City will continue to collect taxes post-deannexation to fulfill those unfunded pension liabilities and debt obligations for just the period that those areas were part of the city.

Debt and Unfunded Pension Liabilities: The De-annexation Obligation

	12/31/2013							7/1/2012	7/2/1990	
Fiscal Year	Pension ARC/ADC	Pension Contribution	Pension Deficiency	OPEB ARC/ADC	OPEB Contribution	OPEB Deficiency	Total Deficiency	Southwind- Windyke	S. Cordova	Rocky Point
1998	\$ 10,290,000	\$ 19,592,160	\$ (9,302,160)	\$ -	\$ -	\$ -	\$ (9,302,160)	\$ -	\$ -	\$ (9,302,160)
1999	5,156,000	20,562,128	(15,406,128)	-	-	-	(15,406,128)	-	-	(15,406,128)
2000	-	11,087,000	(11,087,000)	-	-	-	(11,087,000)	-	-	(11,087,000)
2001	10,227,000	11,374,522	(1,147,522)	-	-	-	(1,147,522)	-	-	(1,147,522)
2002	-	12,143,000	(12,143,000)	-	-	-	(12,143,000)	-	-	(12,143,000)
2003	-	12,805,000	(12,805,000)	-	-	-	(12,805,000)	-	-	(12,805,000)
2004	2,203,000	13,877,810	(11,674,810)	-	-	-	(11,674,810)	-	-	(11,674,810)
2005	3,036,000	14,178,215	(11,142,215)	-	-	-	(11,142,215)	-	-	(11,142,215)
2006	11,893,000	14,298,000	(2,405,000)	-	-	-	(2,405,000)	-	-	(2,405,000)
2007	22,674,000	14,316,206	8,357,794	-	-	-	8,357,794	-	-	8,357,794
2008	24,072,000	14,835,632	9,236,368	55,418,000	35,743,000	19,675,000	28,911,368	-	-	28,911,368
2009	21,208,000	16,409,704	4,798,296	66,273,000	38,159,000	28,114,000	32,912,296	-	-	32,912,296
2010	71,447,000	17,659,068	53,787,932	80,477,000	35,674,000	44,803,000	98,590,932	-	-	98,590,932
2011	81,353,000	20,392,292	60,960,708	95,376,000	36,089,000	59,287,000	120,247,708	-	-	120,247,708
2012	90,033,000	20,320,356	69,712,644	86,304,000	35,813,000	50,491,000	120,203,644	-	-	120,203,644
2013	91,894,000	19,159,230	72,734,770	84,826,000	45,705,000	39,121,000	111,855,770	-	111,855,770	111,855,770
2014	97,241,000	19,614,000	77,627,000	34,847,000	40,443,000	(5,596,000)	72,031,000	72,031,000	72,031,000	72,031,000
2015	80,259,833	46,370,448	33,889,385	35,750,000	37,979,000	(2,229,000)	31,660,385	31,660,385	31,660,385	31,660,385
2016	74,430,833	52,016,210	22,414,623	36,554,000	21,336,000	15,218,000	37,632,623	37,632,623	37,632,623	37,632,623
2017	59,143,447	56,262,432	2,881,015	-	-	-	2,881,015	2,881,015	2,881,015	2,881,015
2018	63,934,634	55,976,517	7,958,117	-	-	-	7,958,117	7,958,117	7,958,117	7,958,117
2019	63,683,547	60,080,547	3,603,000	-	-	-	3,603,000	3,603,000	3,603,000	3,603,000
2020	54,476,121	54,476,121	-	-	-	-	-	-	-	-
2021										
Total	\$ 938,655,415	\$ 597,806,598	\$ 340,848,817	\$ 575,825,000	\$ 326,941,000	\$ 248,884,000	\$ 589,732,817	\$ 155,766,140	\$ 267,621,910	\$ 589,732,817

SOUTHWIND
\$155,766,140

SOUTH
CORDOVA
\$267,621,910

ROCKY POINT
\$589,732,817

UNFUNDED PENSION/OPEB
OBLIGATION

	Memphis	Southwind-Windyke	South Cordova	Rocky Point
Current Assessed Value	\$12,613,711,120	\$78,776,900	\$98,698,300	\$25,269,800
Assessed Value as of % of City		0.62453388%	0.78246837%	0.20033597%

- De-annexed Realty / City Realty + Equipment + 2020 SAP
- City assessed value includes real, personal and state assessed properties and is net of any increase or decrease in assessed values.
- Assessed values of de-annexed areas include only real property.
- Assessed values of de-annexed areas include only the assessed value of properties that will be de-annexed and does not necessarily reflect the value of all properties in the area.

ASSESSED VALUATIONS

	Southwind / Windyke	South Cordova	Rocky Point
G.O. Debt Obligation	\$484,762,316	\$615,605,883	\$1,046,711,792
Pension/OPEB Obligation	<u>155,766,140</u>	<u>267,621,910</u>	<u>589,732,817</u>
Total	\$640,528,456	\$883,227,793	\$1,636,444,609
Projected Assessed Value as of % of City	<u>0.62453388%</u>	<u>0.78246837%</u>	<u>0.20033597%</u>
De-Annexation Obligation	\$4,000,317	\$6,910,978	\$3,278,387
Current Year Taxes	\$2,517,699	\$3,154,384	\$807,619
Years to Retire Obligation	1.6 years	2.2 years	4.1 years
Years to Retire Obligation-2018 Previous Estimate	1.9 years	2.4 years	4.8 years

DE-ANNEXATION OBLIGATION

Illustration of a property with an appraised value of \$150,000

Fiscal Year	Tax Year	County Tax Bill	City Tax Bill	City Supplemental Tax Bill
2021	2020	\$2,280	\$1,800	\$ -
2022	2021	2,280	-	1,800
2023	2022	2,280	-	1,080
2024	2023	2,280	-	-
2025	2024	2,280	-	-
2026	2025	2,280	-	-
2027	2026	2,280	-	-

1.6
Years

- De-annexed Realty / City Realty + Equipment + 2020 SAP
- Totals may not add due to rounding

SOUTHWIND SAMPLE TAX BILL

Illustration of a property with an appraised value of \$150,000

Fiscal Year	Tax Year	County Tax Bill	City Tax Bill	City Supplemental Tax Bill
2021	2020	\$2,280	\$1,800	\$ -
2022	2021	2,280	-	1,800
2023	2022	2,280	-	1,800
2024	2023	2,280	-	360
2025	2024	2,280	-	-
2026	2025	2,280	-	-
2027	2026	2,280	-	-

2.2
Years

- De-annexed Realty / City Realty + Equipment + 2020 SAP
- Totals may not add due to rounding

SOUTH CORDOVA SAMPLE TAX BILL

Illustration of a property with an appraised value of \$150,000

Fiscal Year	Tax Year	County Tax Bill	City Tax Bill	City Supplemental Tax Bill
2021	2020	\$2,280	\$1,800	\$ -
2022	2021	2,280	-	1,800
2023	2022	2,280	-	1,800
2024	2023	2,280	-	1,800
2025	2024	2,280	-	1,800
2026	2025	2,280	-	180
2027	2026	2,280	-	-

4.1
Years

- De-annexed Realty / City Realty + Equipment + 2020 SAP
- Totals may not add due to rounding

ROCKY POINT SAMPLE TAX BILL



JIM STRICKLAND
MAYOR
DIVISION OF FINANCE

TENNESSEE

July 1, 2020

Dear Property Owner:

Your property is included in a list of properties scheduled to be de-annexed from the City of Memphis effective December 31, 2020 at 11:59 p.m. Enclosed is your final tax bill for the period prior to de-annexation.

Tennessee Code Annotated 6-51-204(a) states, "The municipality may continue to levy and collect taxes on property in the excluded territory to pay the excluded territory's proportion of any debt contracted prior to the exclusion." **In adherence to this statute, the City of Memphis will calculate each de-annexed area's portion of debt outstanding as of the de-annexation date (the "De-Annexation Obligation") and will levy and collect taxes annually to pay such obligation.** Currently, your portion of the De-Annexation Obligation is estimated to be 4.1 times your current year's property tax. Therefore, the City will levy an annual de-annexation property tax (the "De-Annexation Tax") each July (beginning in 2021) that will be due by August 31st of the same year until the De-Annexation Obligation is paid in full. The De-Annexation Tax will be the same amount as your 2020 property tax bill; however, your final De-Annexation Tax may be less. The De-Annexation Obligation for your property will be calculated at the end of this calendar year; you will be notified of this amount by January 2021.

As of August 14, 2020, a video briefing regarding your De-Annexation Tax Obligation, frequently asked questions concerning the transition of services to Shelby County and general information about the de-annexation including a listing of properties being de-annexed will be available on the City's website at <https://memphistn.gov/government/deannexation>.

Sincerely,

Pat Black

Pat Black
City Treasurer



Southwind / Windyke



JIM STRICKLAND
MAYOR
DIVISION OF FINANCE

TENNESSEE

July 1, 2020

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Sincerely,

Pat Black

Pat Black
City Treasurer



South Cordova



JIM STRICKLAND
MAYOR
DIVISION OF FINANCE

TENNESSEE

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Sincerely,

Pat Black

Pat Black
City Treasurer



Rocky Point

CITY TAX BILL LETTER

SAMPLE CITY REGULAR TAX BILL

CITY OF MEMPHIS, TENNESSEE TAX BILL JOHN PATRICK BLACK, TREASURER



Parcel/Account#:	096200 00064	Lot Size:	0 0	Date:	7/14/2020
Location:	2000 COBB RD	Lot Number:		Mortgage Co:	
Subdivision:		Acres:			
Classification:	RESIDENTIAL				

SMITH JOHN
2000 COBB RD
EADS, TN 38002

Credit card payments via (901) 636-7200 or 1-866-340-7379 (Convenience Fee Charged)
See back of bill for bankruptcy, refund and tax dispute information

Year Type
2020 Real Estate

Tax
1,198.00

Year Type	Assessment	Rate	Bill #	Tax	Interest	Court Costs	Attorney Fees	Other Fees	Tax Amount Due
2020 Real Estate	37,500	3.182652	0231964	1,198.00	.00	.00	.00	.00	1,198.00

Amount due if paid by: 08/31/2019 09/30/2019 10/31/2019
1,198.00 1,215.97 1,233.94

TOTAL AMOUNT DUE 1,198.00

CITY OF MEMPHIS, TENNESSEE
TAX BILL
JOHN PATRICK BLACK, TREASURER



Parcel/Account#:	096200 00054	Lot Size:	0 0	Date:	OPER: PB
Location:	2000 COBB RD	Lot Number:		Mortgage Co:	7/14/2020
Subdivision:		Acreage:			
Classification:	RESIDENTIAL				

**CITY
SUPPLEMENTAL
TAX BILL**

SMITH JOHN
 2000 COBB RD
 EADS, TN 38002

Credit card payments via (901) 636-7200 or 1-866-340-7379 (Convenience Fee Charged)
 See back of bill for bankruptcy, refund and tax dispute information

Year Type
2021 De-Annex

Tax
1,198.00

Year Type	Assessment	Rate	Bill #	Tax	Interest	Court Costs	Attorney Fees	Other Fees	Tax Amount Due
2021 De-Annex				1,198.00	.00	.00	.00	.00	1,198.00

TOTAL AMOUNT DUE 1,198.00

Amount due if paid by: 08/31/2020 09/30/2020 10/31/2020
 1,198.00 1,215.97 1,233.94



MEMPHIS TAX OBLIGATION QUESTIONS



TRANSITION OF SERVICES TO SHELBY COUNTY

1 JANUARY 2021 at MIDNIGHT

CITY TRASH COLLECTIONS TRANSITION



The “final collection day” will be on your regular collection day at the end of 2020 which includes your bulk collection

Trash and recycle carts will be retrieved on your final collection day

Final collection days

Friday Service	December 26, 2020 (Collected Saturday)
Monday Service	December 28, 2020
Tuesday Service	December 29, 2020
Wednesday Service	December 30, 2020
Thursday Service	December 31, 2020

POLICE SERVICES



Services through Shelby County Sheriff's Department

FLOYD BONNER, JR, Shelby County Sheriff

201 Poplar Avenue, 9th Floor Memphis, TN | Tele: 901-222-5500

Non-Emergency: 901-379-7625

Emergency: 911

Neighborhood Watch Program: 901-222-5843

Sub-Station

11670 Memphis-Arlington Road Arlington, TN | Tele: 901-222-5800

MEMPHIS,
LIGHT, GAS &
WATER



Services will continue through MLGW

No City Solid Waste fee or Storm Water fee

Add monthly Shelby County Fire Protection Fee

General billing questions

901-544-6549

SHELBY
COUNTY

Mayor's Action Center

(General Questions)

901-222-2300

www.shelbycountyttn.gov



ANIMAL
SERVICES



Shelby County Health Department Rabies Control

Domestic Animals Only

901-222-2300

Shelby County Sheriff's Department

Livestock Animals Only

901-545-5900

Shelby County Roads, Bridges & Engineering

Dead Animal Pick-Up

901-222-7705

TRASH COLLECTIONS



Shelby County does not provide
solid waste collections

Residents will be responsible to contract
solid waste services

While Shelby County cannot make
recommendations, there are several
waste collections contractors available

FIRE SERVICES

Non-emergency: 901-222-8000

Emergency: 911



<https://firedepartment.shelbycountyttn.gov>

FIRE SERVICES FIRE FEE

For both residential and commercial construction projects, a fee charged through the office of Construction Code Enforcement is applied during the time of permitting. The fee is based on the size of the finished building and is equal the fire fee for a six-month period.

Square Footage Range Start	Square Footage Range End	Fire Services (Unincorporated Shelby County)	Fire Services (Lakeland)
1	1000	\$26.30	\$19.52
1001	1500	\$37.38	\$29.40
1501	2000	\$40.44	\$32.13
2001	2500	\$43.48	\$34.85
2501	3000	\$46.54	\$37.58
3001	3500	\$49.60	\$40.31
3501	4000	\$52.66	\$43.04
4001	4500	\$55.70	\$45.76
4501	5000	\$58.76	\$48.49
5001	5500	\$61.82	\$51.22
5501	6000	\$64.88	\$53.95
6001	6500	\$67.92	\$56.67
6501	7000	\$70.98	\$59.40
7001	+	\$74.04	\$62.13

Monthly fee for services in Unincorporated Shelby County and Lakeland -
Improved Property: Residential

FIRE SERVICES FIRE FEE

For both residential and commercial construction projects, a fee charged through the office of Construction Code Enforcement is applied during the time of permitting. The fee is based on the size of the finished building and is equal the fire fee for a six-month period.

F72 Church	\$40.02 Lakeland \$44.82 Shelby County
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F74 Agricultural	\$66.71 Lakeland \$74.71 Shelby County
------------------	---

F76 Commercial (base)	\$74.77 Lakeland \$83.74 Shelby County
-----------------------	---

F77 Hangars / Cell Towers F77L Same	\$44.52 Lakeland \$49.86 Shelby County
--	---

F78 Commercial (variable)	\$74.77+ Lakeland \$83.74+ Shelby County
---------------------------	---

F88 Haz Mat / Industrial	\$150.00+ Lakeland \$168.00 Shelby County
--------------------------	--

Fire Fees that are applied the rate code of F78 will bill a base amount of \$74.77 plus an additional \$1.00 for every 1,000 square feet over 5,000.



General Questions: 311

Memphis Taxes: 901-522-1111

www.memphistn.gov/government/deannexation



General Questions

901-222-2300

www.shelbycountyttn.gov



901-379-7625

www.shelby-sheriff.org



901-544-6549

www.mlgw.com



APPENDIX

Calculating Deannexation Obligation “Fair Share”

Goal: Determine *amount* and *length of time* to assess a City Supplemental Tax to account for “fair share” owed by property owners from Eads and Riverbottoms Deannexation Areas.

Approach

Step 1

Identify G.O. debt issued since annexation (excluding refundings and the effects thereof)



Step 2

Calculate Book Value ("BV") of debt as of De-Annexation Date

- $BV = \text{Outstanding Principal} + \text{Unamortized Premium} - \text{Unamortized Discount}$. (Consistent with reporting in CAFR)
- De-Annexation Date is assumed to be January 1, 2020.



Step 3

Allocation of Obligations

- Determine Assessed Value of property in City and De-Annexed Areas as of De-Annexation Date
- Allocate Book Value (from Step 2) to De-Annexed Areas

Approach

Step 4

Quantify unfunded pension obligation incurred since Annexation Date. Data provided dates to back to FY1999.



Step 5

Allocate pension obligation to De-Annexed Areas using same method in Step 3 and calculate total De-Annexation Obligation.



Step 6

Allocate De-Annexation Obligation to each parcel in De-Annexed Areas using the Assessed Value of each area